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Dorsey, King, Gray, Norment & Hopgood
318 Second Street
Henderson, KY 42420

March 29, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00100
Henderson County Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on March 29, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-----------------------------|---|------------|
| PURCHASED WATER ADJUSTMENT |) | CASE NO. |
| OF HENDERSON DISTRICT WATER |) | 2006-00100 |
| DISTRICT |) | |

O R D E R

On March 6, 2006, Henderson District Water District ("Henderson District") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Henderson District purchases water from the city of Henderson Water Utility ("City").
2. The City notified Henderson District that, effective with the first billing after March 31, 2006, City's wholesale water rate to Henderson District would decrease in the North area from \$1.5863 per 1,000 gallons to \$1.4532 per 1,000 gallons and decrease in the South area from \$1.3950 per 1,000 gallons to \$1.3335 per 1,000 gallons.
3. On November 14, 2005, City notified the Commission that, effective for March 1, 2006, its wholesale water service rate to Henderson District would decrease in the North area from \$1.5863 per 1,000 gallons to \$1.4532 per 1,000 gallons and decrease in the South area from \$1.3950 per 1,000 gallons to \$1.3335 per 1,000 gallons.

4. During the 12 months ending December 31, 2005, Henderson District purchased 554,684,000 gallons of water from City and sold 423,433,000 gallons. The decrease in the cost of purchased water is \$70,463.96, resulting in a purchased water adjustment of (\$0.17) per 1,000 gallons.

5. The purchased water adjustment of (\$0.17) per 1,000 gallons is fair, just, and reasonable and should be approved.

6. On April 28, 2005, the Commission authorized Henderson District to adjust its rates in two phases.¹ The second phase adjustment was to become effective on April 28, 2007. These "Phase 2" rates should also be adjusted to reflect the changes in Henderson District's purchased water costs.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of (\$0.17) per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and are approved for services rendered on and after March 1, 2006.

2. The rates as shown in Appendix B are effective for service rendered on and after April 28, 2007.

3. Within 20 days of the date of this Order, Henderson District shall file with the Commission revised tariff sheets showing the rates approved herein.

4. Thirty days prior to the effective date of Phase 2 rates, Henderson District shall file with the Commission revised tariff sheets reflecting the Phase 2 rates.

¹ Case No. 2005-00072, The Application of Henderson District Water District for Approval of a Proposed Increase in Rates for Water Service.

Henderson District shall provide its customers with a one-time notice with the implementation of Phase 2 rates.

Done at Frankfort, Kentucky, this 29th day of March, 2006.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00100 DATED March 29, 2006.

The following rates and charges are prescribed for the customers in the area served by Henderson District Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8" x 3/4" Meter

| | | | |
|-------|--------|---------|------------------------|
| First | 2,000 | gallons | \$13.07 Minimum Bill |
| Next | 8,000 | gallons | 4.43 per 1,000 gallons |
| Next | 20,000 | gallons | 4.00 per 1,000 gallons |
| Over | 30,000 | gallons | 3.57 per 1,000 gallons |

1 Inch Meter

| | | | |
|-------|--------|---------|------------------------|
| First | 5,000 | gallons | \$26.36 Minimum Bill |
| Next | 5,000 | gallons | 4.43 per 1,000 gallons |
| Next | 20,000 | gallons | 4.00 per 1,000 gallons |
| Over | 30,000 | gallons | 3.57 per 1,000 gallons |

2 Inch Meter

| | | | |
|-------|--------|---------|------------------------|
| First | 16,000 | gallons | \$72.51 Minimum Bill |
| Next | 14,000 | gallons | 4.00 per 1,000 gallons |
| Over | 30,000 | gallons | 3.57 per 1,000 gallons |

3 Inch Meter

| | | | |
|-------|--------|---------|------------------------|
| First | 30,000 | gallons | \$128.51 Minimum Bill |
| Over | 30,000 | gallons | 3.57 per 1,000 gallons |

4 Inch Meter

| | | | |
|-------|--------|---------|------------------------|
| First | 50,000 | gallons | \$199.91 Minimum Bill |
| Over | 50,000 | gallons | 3.57 per 1,000 gallons |

6 Inch Meter

| | | | |
|-------|---------|---------|------------------------|
| First | 100,000 | gallons | \$378.41 Minimum Bill |
| Over | 100,000 | gallons | 3.57 per 1,000 gallons |

Volunteer Fire Department (Metered Service)

| | | | |
|-----------|--|--|----------------------|
| Flat Rate | | | \$13.07 Maximum Bill |
|-----------|--|--|----------------------|

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00100 DATED March 29, 2006.

The following rates and charges are prescribed for the customers in the area served by Henderson District Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the April 28, 2007 effective date.

Phase 2 Monthly Water Rates

5/8" x 3/4" Meter

| | | |
|-------|----------------|------------------------|
| First | 2,000 gallons | \$14.03 Minimum Bill |
| Next | 8,000 gallons | 4.65 per 1,000 gallons |
| Next | 20,000 gallons | 4.18 per 1,000 gallons |
| Over | 30,000 gallons | 3.72 per 1,000 gallons |

1 Inch Meter

| | | |
|-------|----------------|------------------------|
| First | 5,000 gallons | \$27.98 Minimum Bill |
| Next | 5,000 gallons | 4.65 per 1,000 gallons |
| Next | 20,000 gallons | 4.18 per 1,000 gallons |
| Over | 30,000 gallons | 3.72 per 1,000 gallons |

2 Inch Meter

| | | |
|-------|----------------|------------------------|
| First | 16,000 gallons | \$76.31 Minimum Bill |
| Next | 14,000 gallons | 4.18 per 1,000 gallons |
| Over | 30,000 gallons | 3.72 per 1,000 gallons |

3 Inch Meter

| | | |
|-------|----------------|------------------------|
| First | 30,000 gallons | \$134.83 Minimum Bill |
| Over | 30,000 gallons | 3.72 per 1,000 gallons |

4 Inch Meter

| | | |
|-------|----------------|------------------------|
| First | 50,000 gallons | \$209.23 Minimum Bill |
| Over | 50,000 gallons | 3.72 per 1,000 gallons |

6 Inch Meter

| | | |
|-------|-----------------|------------------------|
| First | 100,000 gallons | \$395.23 Minimum Bill |
| Over | 100,000 gallons | 3.72 per 1,000 gallons |

Volunteer Fire Department (Metered Service)

| | |
|-----------|----------------------|
| Flat Rate | \$14.03 Maximum Bill |
|-----------|----------------------|